

Tax Strategy

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1. Introduction

1.1 Overview of the GIC Group

- 1.1.1 Established in 1981 and wholly owned by the Government of Singapore (the “Government”), GIC’s mission is to secure Singapore’s long-term financial future, and GIC is tasked with preserving and enhancing the international purchasing power of the reserves placed under management. GIC’s Client is the Government, who owns the funds that GIC manages.
- 1.1.2 The GIC Portfolio comprises a well-diversified portfolio that is constructed to be resilient across a broad range of possible market and economic conditions, while generating positive long-term real returns over a 20-year investment horizon. GIC considers and integrates all opportunities and risks that could drive investment value in the long run.
- 1.1.3 As an institution and as individuals, GIC is guided by the values of Prudence, Respect, Integrity, Merit and Excellence (“PRIME”)¹ to achieve the results we seek without compromising our reputation. The PRIME Values act as our compass, enabling GIC to return to our fundamental purpose and beliefs.

1.2 Purpose

- 1.2.1. The purpose of this Tax Strategy document is to set out GIC’s approach to its management of its global tax affairs.

2. Tax Strategy²

Tax risk is one of the risks in GIC’s Risk Management Framework. GIC operates a Tax Governance Framework (the “Framework”) to identify, assess, manage and mitigate tax risks in accordance with our principles and values. The Framework includes the Tax Strategy, supporting detailed guidelines and operating procedures to facilitate the implementation of the Framework.

¹ <https://www.gic.com.sg/about-gic/our-values/>

² Pursuant to UK legislation introduced as part of Schedule 19 of the Finance Act 2016, GIC is required to publish a UK tax strategy. In this respect, the contents of this document fulfill this requirement. This is applicable for the financial year ended 31 March 2020 and subsequent accounting periods.

2.1 Scope

- 2.1.1 This Tax Strategy and the Framework are applicable to all relevant internal and external³ parties whose actions impact the management of GIC and tax affairs pertaining to the GIC Portfolio.
- 2.1.2 This Tax Strategy and the Framework are applicable to all taxes, including penalties and interest imposed by the tax authorities relating to those taxes, imposed on GIC (itself or in its capacity as fund manager for and on behalf of the GIC Portfolio).
- 2.1.3 GIC is responsible and accountable for the implementation of the Tax Strategy and the Framework.
- 2.1.4 External parties will be informed of the Tax Strategy and the Framework, as appropriate and be made aware of GIC's approach with respect to its management of global tax affairs. GIC's tax team (the "Tax Team") may be consulted, if required.
- 2.1.5 GIC adopts the "three lines of defence" in the management of its tax affairs which ensure that there is clarity and transparency in risk ownership and accountability.
- i. The First line: Corporate Headquarter Departments⁴, Investment Groups⁵, and Global Offices⁶ are responsible for the implementation of the policy, guidelines and procedures in the Framework, as owners of tax risk that arise from day-to-day activities. Where required, the Tax Team is to be consulted or informed.
 - ii. The Second line: The Tax Team is responsible for the design and overall monitoring of the operation of tax controls mentioned in the first line of defence to ensure that appropriate procedures, guidelines and controls are established to support the implementation of the Framework.
 - iii. The Third line (independent assurance): Internal Audit Department ("IAD") is responsible for independent assurance on the adequacy and effectiveness of the internal controls relating to the Framework.

³ This refers to parties who are not staff members of GIC. Examples include third party advisors/vendors, counter parties, business partners, wholly owned but externally managed portfolio groups, etc.

⁴ Corporate Headquarter Departments comprise: Corporate Affairs & Communications ('CAC'), Corporate Administration & Infrastructure ('CAID'), Chief Executive Officer's Office ('CEO'), Enterprise Strategy ('ES'), Governance & Client Relations ('GCR'), Human Resource & Organization Department ('HROD'), Internal Audit Department ('IAD'), Investment Services Public Markets ('ISPM'), Investment Services (Private Markets & Finance) ('ISPVMF'), Legal and Compliance Department ('LCD'), Risk and Performance Management Department ('RPMD') and Technology Group ('TG').

⁵ Investment Groups comprise: Public Equities Group ('EQ'), Fixed Income Group ('FI'), External Managers Department ('EMD'), Portfolio Execution Group ('PEG'), Private Equity ('PE'), Infrastructure Group ('I'), Real Estate ('RE'), Integrated Strategies Group ('ISGRP'), and Economics & Investment Strategy ('EIS').

⁶ Global Offices comprise San Francisco, New York, Sao Paulo, London, Mumbai, Seoul, Beijing, Shanghai and Tokyo.

2.2 Principles

- 2.2.1. GIC is committed to managing our Client portfolio and tax affairs responsibly. In accordance to the Tax Governance Framework, GIC seeks to ensure that tax risks are identified, assessed and managed appropriately.
- 2.2.2. GIC is guided by the PRIME values in our day to day operations in the responsible management of its global tax affairs. In the application of the values, GIC is committed to the following principles in the conduct of our business as it relates to tax:
- i. Integrity in compliance and reporting – commitment to adhere to the letter and spirit of tax laws, rules, regulations and tax obligations in the countries where we and the GIC Portfolio operate/ invest in.
 - ii. Application of high level of professional skill, care and diligence to arrive at well-reasoned decisions and to ensure payment of the correct amount of tax in all jurisdictions – all tax related decisions are to be taken at an appropriate level and supported with relevant documentation that evidences the facts, considerations and decisions taken. Where tax law is unclear or subject to varying interpretations, written advice, opinion or confirmation will be sought with qualified advisors as appropriate to ensure that our tax position taken is substantiated.
 - iii. Responsible tax planning and arrangement – ensure clear representation of tax positions and tax obligations in line with the applicable tax laws and regulations as honest taxpayers with integrity and transparency.
 - iv. Relationship with Fiscal authorities and relevant Inter-Governmental Organizations – engage with tax authorities⁷ and relevant organizations in a co-operative, open, constructive and professional manner based on the principle of mutual respect.

2.3 Approach

- 2.3.1. GIC's tax strategy focuses on preserving and enhancing value to our Client over the long term in a responsible and sustainable manner. GIC is committed to managing the GIC Portfolio and our tax affairs responsibly in support of our objective to achieve good long-term returns above global inflation, as supported by our mandate.
- 2.3.2. The PRIME Values apply to GIC's approach to the management of its global tax affairs and are reflected in the key principles laid out in this document.

⁷ For the purpose of the UK tax strategy, this refers Her Majesty's Revenue and Customs ("HMRC"). GIC has an established, professional, transparent and constructive relationship with HMRC. When submitting tax computations and returns to HMRC, GIC discloses all relevant facts, and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain. Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

- 2.3.3. GIC enters into tax structures that are compliant with the letter and spirit of local law based upon expert tax advice and allow GIC to remain competitive in its chosen markets. GIC engages in tax compliance and maintenance activities to support the organization's investments. When appropriate, GIC provides its perspectives and recommendations to global tax policy-making bodies. GIC seeks to preserve and enhance value to our Client, while minimizing legal, regulatory, financial and reputational loss.

3. Governance

3.1 Role of the Board

- 3.1.1. The Government, represented by the Ministry of Finance ("MOF"), sets the investment objective, risk parameters, and investment horizon for the portfolio. It also ensures a competent board of directors is in place.
- 3.1.2. The GIC Board is responsible for the GIC's Policy Portfolio that determines the long-term asset allocation strategy and is accountable to the Government for the overall performance of the portfolio. GIC's asset allocation operates within the risk constraints determined by the Government in its mandate to GIC. The GIC Board is supported by five board committees which include the Board Risk Committee ("Board RC").
- 3.1.3. The Board RC advises the GIC Board on risk matters and supervises the effectiveness of risk management policies and practices. It reviews GIC's risk profile and significant risk issues arising from operations and investments.
- 3.1.4. For the purpose of tax governance, the Board RC is apprised of changes to the overall Framework and reviews GIC's tax profile and significant tax matters impacting GIC.
- 3.1.5. The Head of Tax reports on significant tax matters, with inputs from Director of Human Resource and Organization ("HROD") on employment taxes, on a discretionary basis to the Board RC.

3.2 Responsibilities of Management

- 3.2.1 GIC Management formulates and executes investment strategies. Once the long-term asset allocation strategy (as set out in its Policy Portfolio) is decided by the GIC Board, the management seeks to add value through an overlay of active, skill-based strategies. The management comprises five committees with clear reporting lines and accountability. This includes Group Executive Committee ("GEC") and Group Risk Committee ("GRC").
- 3.2.2 The GEC is the highest management body in GIC, bringing together the Group's functional and investment heads. The committee reviews and approves major business, governance, investment, and risk policy issues that apply to the entire group, and oversees

organisational management initiatives, business planning, and personnel matters (including succession planning, talent development, compensation, and performance management).

- 3.2.3 The GRC provides oversight for the risk management policies and practices for the GIC Group. The committee approves frameworks and policies relating to risk management in areas such as investment, credit, operations, IT, tax, regulations, and compliance. It reviews the effectiveness of controls and monitors GIC's risk profile across all risk types. The committee also acts as a forum for the Chief Risk Officer ("CRO") to solicit views on the strategic risk management issues that would enable him to carry out his duties.

Overall Framework and Ongoing Oversight

- 3.2.4 The GEC is accountable for the overall Framework and approves the Tax Strategy. The GEC has delegated the responsibility for the ongoing oversight of the Framework to GRC.
- 3.2.5 The GRC is responsible for the ongoing oversight of the Framework.
- 3.2.6 The Head of Tax, who is supported by a team of tax professionals, has responsibility for the design and effective implementation of the Framework. The Head of Tax reports to Director, Investment Services Private Markets & Finance (the "Director"). The Director is accountable for the design and effective implementation of the Framework. The design and effective implementation of the Framework in the area of employment tax is the responsibility of the Director of HROD, who is supported by the Head of HR Operations & Solutions and the relevant team members.
- 3.2.7 This responsibility includes implementing the risk management and internal controls relating to tax risk and global tax affairs to adhere to the principles laid out in this Tax Strategy including (but not limited to):
- Implementing internal controls to mitigate risks arising from internal processes – Identifying, assessing and monitoring tax risks from significant transactions, tax compliance etc.;
 - Implementing internal controls to mitigate risks arising from external factors such as changes to tax law; and
 - Testing of internal controls.

The line units are responsible for the implementation of the policy, guidelines and procedures in the Framework, as owners of tax risk that arise from day-to-day activities. Where required, the Tax Team is to be consulted or informed.

Significant tax matters

- 3.2.8 The GEC is accountable for oversight of significant tax matters. The Head of Tax reports on significant tax matters, with inputs from Director of HROD on employment taxes, on a discretionary basis to the GEC before reporting to the Board RC.
- 3.2.9 On a periodic basis, the Head of Tax reports on the tax risk profile to the GRC⁸. Where significant tax matters arise, the Head of Tax reports on such matters to the GEC directly and GRC will be apprised subsequently. The tax risk profile and significant tax matters are also reported to the Board RC.

4. Policy Administration

This Tax Strategy will be reviewed once in every 3 years or whenever there are significant changes to GIC's business strategies or the Tax risk environment. The Tax Team is responsible for conducting the review and recommending appropriate changes to the Director, with inputs from Director of HROD on employment taxes, who will be responsible and accountable for escalating such recommendations to the GEC.

Any non-compliance should be reported to the Head of Tax, who will assess the need to escalate to GRC, with inputs from Director of HROD on employment taxes. Where required, such non-compliance will be escalated to GEC and Board RC shall be apprised of the same.

⁸ It has been ascertained that there are unlikely to be any tax risks in relation to employment taxes for regular quarterly reporting. If any tax risks in relation to employment taxes arise, the Director of HROD will provide inputs to the Head of Tax on a timely basis.